

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

Los Angeles-Based Businessman Convicted in Scheme to Evade Customs Duties on \$30 million of Chinese-Made Textiles

NEWS RELEASE SUMMARY – June 7, 2013

A federal jury today convicted Sunil Jiwat Mirwani and his corporation, M Trade, Inc., in connection with a scheme to evade customs duties on more than \$30 million in Chinese-made jeans, skirts, shorts and other wearing apparel.

Both Mirwani and his corporation were charged with one count of conspiring to defraud the United States, two counts of importing goods by means of false statements, and one count of conspiring to launder money. The case was tried before a jury beginning on June 4, 2013. This afternoon, after less than a day of deliberations, the jury returned guilty verdicts on all four counts for both defendants.

The evidence presented at trial showed that as part of the conspiracy, Mirwani hired a group of San Diego-based businessmen and logistics professionals to initiate shipments of Mirwani's merchandise

from ports in China to the Port of Long Beach, California. When the goods arrived, Mirwani and his conspirators would ensure that the merchandise was classified as “in bond”—meaning it would not enter the commerce of the United States, but instead be transshipped through the territory of the United States to Mexico. Rather than complete the transshipment to Mexico, however, Mirwani and his conspirators would divert the merchandise to Mirwani’s El Monte, California-based warehouse, as well as to other warehouses in the Los Angeles-area. Having imported this merchandise effectively duty-free, Mirwani would then sell his jeans, shorts and skirts within the United States at an advantage over his law-abiding competitors—including domestic American manufacturers of similar goods and foreign manufacturers who had paid the applicable duties on their imports. As part of the scheme, Mirwani and his conspirators falsified customs documentation and database entries, even going so far as to forge special perforation marks found on particular customs filings.

The evidence showed that Mirwani also conspired to launder money, transmitting nearly \$10 million from M Trade, Inc.’s bank account to the account of Mirvana International, a Hong Kong-based company that Mirwani shares with his twin brother. In addition, Mirwani transmitted similar sums to the Mirvana International account through other intermediary accounts in the United States and Mexico. Finally, Mirwani also transmitted money through M Trade Inc.’s account directly to mainland China. The international wire transfers served to conceal proceeds of the fraud as well as to help fund future fraudulent shipments.

U.S. Attorney Duffy said she was pleased with the verdict: “Not only does this type of fraud deplete our public treasury, but it also deprives domestic manufacturers and law-abiding importers of a level playing field. This prosecution and today’s convictions underscore our commitment to protecting the economic health of the United States and ensuring that no one exploits American and international markets for their personal gain.”

“Today’s verdict shows that the jury refused to believe that Mr. Mirwani was a confused dupe, but rather through his own crafty, deceitful means, wittingly conspired to pocket over \$500,000 by evading the proper customs taxes and laundered the proceeds to avoid detection by the authorities,” said Jose A. Gonzalez, Special Agent in Charge for Internal Revenue Service Criminal Investigation (IRS CI). “Evasion of any type of tax, income tax or otherwise, is a crime and IRS CI will prosecute known perpetrators to the fullest extent of the law.”

A sentencing hearing is scheduled for September 9, 2013, at 9:00 a.m. before United States District Judge Michael M. Anello.

DEFENDANTS

Case Number: 12CR3137-MMA

Sunil Jiwat Mirwani

M Trade, Inc

SUMMARY OF CHARGES AND MAXIMUM PENALTIES

Count 1: Conspiracy to Defraud the United States – 18 U.S.C. § 371. Maximum penalties: 5 years in prison, 3 years of supervised release, \$250,000 fine and a \$100 special assessment

Counts 2 and 4: Entry of Goods by Means of False Statements – 18 U.S.C. § 542. Maximum penalties: 2 years in prison, 1 year of supervised release, \$250,000 fine and a \$100 special assessment

Count 57: Conspiracy to Launder Monetary Instruments – 18 U.S.C. § 1956(a)(2)(A) and (h). Maximum penalties: 20 years in prison, 3 years of supervised release, \$500,000 fine (or a fine worth twice the amount of the laundered money) and a \$100 special assessment.

INVESTIGATING AGENCIES

Immigration and Customs Enforcement – Homeland Security Investigations
Internal Revenue Service – Criminal Investigations
United States Food and Drug Administration